



**MEETING OF THE RETIREMENT BOARD
OF THE COUNTY EMPLOYEES' AND OFFICERS' ANNUITY AND BENEFIT FUND
OF COOK COUNTY AND EX OFFICIO FOR THE FOREST PRESERVE DISTRICT
EMPLOYEES' ANNUITY AND BENEFIT FUND OF COOK COUNTY**

**33 N Dearborn St, Suite 1000
Chicago, IL 60602**

Minutes for the November 3, 2016 Meeting of the Board

The County Employees' and Officers' Annuity and Benefit Fund of Cook County and the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County are herein collectively referred to as the "Fund."

Call to Order and Roll Call

Trustees Present: John Fitzgerald, Diahann Goode, Alexis Herrera, Andrew Jatico, Bill Kouruklis, Patrick McFadden (departed during Executive Session), Joseph Nevius, Dennis White, Lawrence Wilson

Staff Present: Nickol R. Hackett, Executive Director & CIO; Michael Maratea, Director of Finance and Administration; Gary LeDonne, Senior Policy Advisor; Margaret Fahrenbach, Legal Advisor; Brent Lewandowski, Senior Benefits Manager; Brenda Deming, Director, Health Benefits; Beverly Romanini, Office Manager; Marina Sirot, Project Compliance Analyst

Others Present: Mary Pat Burns, Burke Burns & Pinelli; Jason Parks, Loop Capital

Trustee Herrera, President of the Board, opened the meeting for public comment and no one having requested to address the Board, the next item of business on the Agenda was considered.

1. Review and Consideration of:

a. October 6, 2016 Board Meeting Minutes

It was moved by Trustee Fitzgerald and seconded by Trustee McFadden that the minutes of the October 6, 2016 Board meeting be adopted

Vote Result: **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

b. September 22, 2016 Investment Committee Meeting Minutes

It was moved by Trustee Fitzgerald and seconded by Trustee McFadden that the minutes of the September 22, 2016 Investment Committee meeting be adopted.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

- c. August 30, 2016 Health Benefits Committee Meeting Minutes

It was moved by Trustee Fitzgerald and seconded by Trustee McFadden that the minutes of the August 30, 2016 Health Benefits Committee meeting be adopted.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

- d. May 17, 2016 Emerging Manager Investment Committee Meeting Minutes

It was moved by Trustee Fitzgerald and seconded by Trustee McFadden that the minutes of the May 17, 2016 Emerging Manager Investment Sub-Committee meeting be adopted.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

- e. February 10, 2016 Legislative Committee Meeting Minutes

It was moved by Trustee Fitzgerald and seconded by Trustee McFadden that the minutes of the February 10, 2016 Legislative Committee meeting be adopted.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

2. Review and Consideration of:

- a. Bills, Payroll Records

The trustees discussed payments related to the preparation of the Fund's CAFR, the recent election and the Open Enrollment meetings.

It was moved by Trustee McFadden and seconded by Trustee Goode that the action taken by the Fund's staff in remitting payments for the presented bills and payroll records and having received confirmation from Fund staff that such payments were consistent with the approved administrative budget, that the payments be ratified.

Roll Call Vote:

AYES: Fitzgerald, Goode, Herrera, Jatico, Kouruklis, McFadden, Nevius, White, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

- b. Annuities, Spouse and Child Annuities and Refunds

The Fund's staff presented their recommendations to the Board regarding the applications for annuities, spouse and child annuities, and refunds and confirmed that they followed the Fund's procedures in reviewing and processing the applications in making their

recommendations.

It was then moved by Trustee McFadden and seconded by Trustee Goode, after due consideration of the applications presented to the Board and having received confirmation from the staff that they followed the Fund's procedures in reviewing and processing the applications, that the recommendations for the presented annuities and refunds be approved.

Roll Call Vote:

AYES: Fitzgerald, Goode, Herrera, Jatico, Kouruklis, McFadden, Nevius, White, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

c. Ordinary and Duty Disabilities

The Fund's staff presented their recommendations to the Board regarding the applications for ordinary and duty disability benefits and confirmed that they followed the Fund's procedures in reviewing and processing the applications in making their recommendations.

It was moved by Trustee McFadden and seconded by Trustee Goode, after due consideration of the disability applications presented to the Board and having received confirmation from staff that they followed the Fund's procedures in reviewing and processing the applications, that the recommendations for the presented disability applications be approved.

Roll Call Vote:

AYES: Fitzgerald, Goode, Herrera, Jatico, Kouruklis, McFadden, Nevius, White, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

3. Administrative Report

a. Open Enrollment Update

Brenda Deming, Director of Health Benefits, stated that the Open Enrollment Meetings in Orland Park and at the County administration building had gone well and that two additional meetings were scheduled for the following week. The members have had positive responses with efforts for the management of health issues and with the anticipated implementation of the Medicare Employer Group Waiver Plan ("EGWP"). She also reported that the Board had agreed to discontinue benefits for certain pharmaceutical products and that the affected members would receive individual notices of the change to the health benefits plan.

b. Benefit Systems RFP Consultant Search Update

Michael Maratea, Director of Finance and Administration, reported on the status of the RFP for a pension administration system consultant. He reported that the RFP was posted on September 21, 2016. The Executive Director stated that four entities had submitted proposals as of November 1, 2016 and the term was in the preliminary stages of the qualified process, but none had yet been qualified as to their capabilities. She added that it was possible that all four would be invited to make presentations to the Board and that the Fund would conduct further due diligence following their presentations. The trustees noted that the responders should be qualified to do business in Illinois and it was agreed that such qualification would be verified by Fund staff.

4. Election Report

a. Report of Independent Election Administrator

Brent Lewandowski, Senior Benefits Manager, reported that the elections for a County Employee, County Annuitant and Forest Preserve Annuitant members of the Board had been conducted on October 26, 2016, and presented the Final Report of the Independent Election Administrator (“IEA”). Mr. Lewandowski stated that Robert DeGraff had prevailed in the County Employee election and that John E. Fitzgerald and Joseph N. Nevious had prevailed respectively in the elections for the County Annuitant and Forest Preserve Annuitant positions. He stated that the elections generally went smoothly. There had been one challenge to the petition submitted by a candidate for the County Employee member that related to the sufficiency of the information submitted on the petitions. The matter had been resolved by the IEA and the candidate remained on the ballot. The Board discussed the need to have the election rules properly stated and that the issue can be addressed when the proposed election rules are considered by the Board in 2017.

It was moved by Trustee Goode and seconded by Trustee Kouruklis that the Final Report of the Independent Election Administrator dated November 2, 2016, be accepted as a true and accurate report of the results of the election held on October 26, 2016, and consistent therewith, that Robert DeGraff was elected as the Cook County Employee Member, John E. Fitzgerald was elected as the Cook County Annuitant Member and Joseph N. Nevius was elected as the Forest Preserve Annuitant Member Trustee.

Vote Result: **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

b. Proclamation of Election and Declaration of the Winner of the Cook County Employee, Cook County Annuitant and Forest Preserve Annuitant Election Held on October 26, 2016

It was moved by Trustee Goode and seconded by Trustee Kouruklis that the Proclamation of Election and Declaration of the Winner of the Cook County Employee Member Election held on October 26, 2016, be accepted and, consistent therewith, that Robert DeGraff be declared the winner of that election and that he be administered and execute the Oath of Office. It is further moved that the Fund’s staff take all action necessary to file a copy of the executed Oath of Office with the Cook County Clerk as required by Section 9-186 of the Illinois Pension Code.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

It was moved by Trustee Goode and seconded by Trustee Kouruklis that the Proclamation of Election and Declaration of the Winner of the Cook County Annuitant Member Election held on October 26, 2016, be accepted and, consistent therewith, that John E. Fitzgerald be declared the winner of that election and that he be administered and execute the Oath of Office. It is further moved that the Fund's staff shall take all action necessary to file a copy of the executed Oath of Office with the Cook County Clerk as required by Section 9-186 of the Illinois Pension Code.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

It was moved by Trustee Goode and seconded by Trustee Kouruklis that the Proclamation of Election and Declaration of the Winner of the Forest Preserve Annuitant Member Election held on October 26, 2016, be accepted and, consistent therewith, that Joseph N. Nevius be declared the winner of that election and that he be administered and execute the Oath of Office. It is further moved that the Fund's staff shall take all action necessary to file a copy of the executed Oath of Office with the Cook County Clerk as required by Section 9-186 of the Illinois Pension Code.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

5. Consideration of Preliminary 2017 Budget

The Executive Director presented a preliminary 2017 budget for the Board's consideration and discussion before a final budget would be presented at the next meeting. She stated that the Fund needed to build on developing more capabilities with existing staff members and augmentary staff to meet member demand. Gary LeDonne, Senior Policy Advisor, stated that a County physician would no longer be available at 118 N. Clark Street to review applications for disability benefits. The Fund will be required to use private services to perform these necessary functions, which is estimated to exceed \$400,000 annually. The Executive Director stated that an addition to the Fund's investment staff was also planned. The trustees discussed that specific matters relating to personnel could be discussed in an Executive Session to be convened later in the meeting. Trustee Wilson expressed concerns about how they could better determine whether measurable goals are being met as the year progresses. Trustee Wilson requested metrics to be included with the budget presentation and a monthly update of budget to actual. Mike Maratea noted that requested reports may not be as accurate due to the timing of the payments.

6. Consideration of Lease Negotiations Review and Recommendations

It was moved by Trustee Fitzgerald and seconded by Trustee Goode that this matter be deferred for consideration in Executive Session with Item 7b.

After the Executive Session was later convened pursuant to Section 2(c)(5) of the Open Meetings Act and adjourned, it was moved by Trustee Fitzgerald and seconded by Trustee Nevius that the Fund return to the landlord of 33 North Dearborn to negotiate an extension of the existing lease with

approvals of a buildout as proposed and if not acceptable, that the Fund should enter a lease for premises located at 70 W Madison, upon the terms proposed subject to review by Fund counsel, including the execution and delivery of any related written agreements by the President or her designee on behalf of the Fund.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

7. Legal Matters

a. Jaime Baez – Hearing Officer Recommendation

Margaret M. Fahrenbach, Legal Advisor, reported that the Fund had received a Recommended Opinion from Hearing Officer William Motto stating that the facts giving rise to Mr. Jaime Baez' felony conviction in *People of the State of Illinois v. Baez*, 13 CR 23901, arose from or were in connection with his service as a County employee and that he was not eligible for annuity benefits pursuant to Section 9-235 of the Illinois Pension Code. The Recommended Opinion had been provided to the Board for review.

It was moved by Trustee McFadden and seconded by Trustee White that the Recommended Opinion of Hearing Officer William E. Motto be adopted and that the Board find that Mr. Jaime Baez is not eligible for annuity benefits pursuant to Section 9-235 of the Illinois Pension Code. It was further moved that the Board's action be a final administrative decision.

Roll Call Vote:

AYES: Fitzgerald, Goode, Herrera, Jatico, Kouruklis, Nevius, White, Wilson
NAYS: None

Vote Result: MOTION ADOPTED

b. In The Matter of Tomar

It was moved by Trustee Fitzgerald and seconded by Trustee Goode that the Board convene an Executive Session pursuant to Sections 2(c)(1), 2(c)(5) and 2(c)(11) of the Open Meetings Act to discuss matters relating to personnel, the acquisition of a lease and litigation matters.

Roll Call Vote:

AYES: Fitzgerald, Goode, Herrera, Jatico, Kouruklis, Nevius, White, Wilson
NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee Fitzgerald and seconded by Trustee Goode that the Board adjourn the Executive Session convened pursuant to Sections 2(c)(1), 2(c)(5) and 2(c)(11) of the Open Meetings Act and return to open session.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

It was moved by Trustee Goode and seconded by Trustee White that the claims raised by the member in the indicated litigation be settled as proposed and that the Fund's counsel and staff be authorized to prepare settlement documents which shall include, but not be limited to, general releases between the parties for all claims, and upon other terms as discussed. It was further moved that the Fund should take all action reasonably necessary to effectuate the foregoing subject to legal review and sign off, the execution and delivery of any related written agreements by the Executive Director on behalf of the Fund.

Roll Call Vote:

AYES: Fitzgerald, Goode, Herrera, Jatico, Kouruklis, Nevius, White, Wilson
NAYS: None

Vote Result: MOTION ADOPTED

c. Collection of Overpayment Process Recommendation

It was moved by Trustee White and seconded by Trustee Nevius, that Fund counsel prepare letters to the Cook County State's Attorney pursuant to Section 1-135 of the Illinois Pension Code, that certain overpayments following the indicated members' deaths may require investigation of possible fraudulent conduct. It was further moved that the Fund staff proceed to collect the overpayments as presented including, but not limited to, possible litigation.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

8. Old Business/New Business

After continued review, Trustee White stated that the letter prepared for the Forest Preserve District Board of Commissioners regarding the funding status of the Forest Preserve District Fund should state that a statutory funding mechanism is needed to provide for long-term solvency.

It was moved by Trustee Nevius and seconded by Trustee White that the Board approve the presented draft letter to be sent to Forest Preserve District Board of Commissioners about the funding status of the Forest Preserve District Fund and should include the need for a statutorial funding mechanism.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

Trustee Herrera stated that the County was not likely to further negotiate the terms of an Intergovernmental Agreement for 2017 to provide additional funding for the County Fund. She added that the Board may need to convene a Special Meeting to discuss how to proceed.

9. Adjournment

There being no further business before the Board, it was moved by Trustee Goode and seconded by Trustee Fitzgerald that the trustees adjourn the meeting.

The next Board meeting is scheduled for December 1, 2016, at 9:30 a.m.